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## **China, Peoples Republic of**

## **Market Development Reports**

### **Sec. Glickman Welcomes US Soybeans in Shanghai**

### **2000**

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#### **Report Highlights:**

**ATO Shanghai organized a visit of a Shanghai soybean crushing plant using American soybeans for the Secretary Glickman-led CODEL and Governor Schafer of North Dakota. The aging plant will soon be replaced by a new, higher capacity plant, as Chinese demand is rapidly growing. US soybean exports to China in 1999 were \$517 million and may reach \$700 million in FY2000.**

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Includes PSD changes: No

Includes Trade Matrix: No

Unscheduled Report

Shanghai ATO [CH2], CH

On April 27, ATO Shanghai organized a visit to the Shanghai No. 1 Soybean Crushing plant for the Secretary Glickman-led Congressional Delegation, Governor Schafer of North Dakota, representatives from the State Department, Commerce Department and USDA/FAS officials, as well as members of the press. The delegation was in Shanghai as part of a PNTR fact-finding mission initiated by the White House so that members of Congress can judge China's merits for themselves. China stands to increase imports of US food and agricultural products by an estimated \$2 Billion or more within 5 years if they accede to WTO and if Congress approves PNTR. However, it is likely that US food and agricultural exports to China could actually decline from present levels if PNTR is not passed this year.

The 45 minute tour began on the wharf where US soybeans are offloaded - in bags - from tenders (boats) onto a conveyor belt that leads into the plant. The soy crushing plant is on the banks of the Huangpu river on the Pudong side, but its grain silos are on the opposite side of the river in Puxi. From the wharf, the delegation had the benefit of perfect weather and could see the skyline of the famous Bund - a row of western-style banks and government buildings dating from Shanghai's pre-war eminence as Asia's financial capital. The state-run soy crushing plant, operated by a holding company under the Shanghai government's Commercial Commission, actually resides in one of the Pudong area's most valuable districts, and the plant will soon be relocated to make better use of the riverside location.

From the wharf, the delegation proceeded to the building where the bags of soy beans are emptied into the chute leading to the splitter room. During the presentation by Phil Laney, China representative for the American Soybean Association, Governor Schafer threw a bag of soy beans over his shoulder while insisting that the soy beans originated from his home state. Plant workers enjoyed the spectacle, and a picture of the event appeared in a Shanghai paper next day.

The delegation then moved to the soybean splitting building followed by the building where soy bean oil is extracted from the beans. En route to the motorcade, the delegation stopped to speak with a group of plant workers, and asked them questions about their jobs and working conditions.

The delegation then met briefly with plant representatives, who emphasized the importance of US soybeans for the domestic animal feed and vegetable oil markets. China imported approximately \$520 million of US soybeans in 1999, and an estimated \$700 million for FY2000. Demand is expected to rise to meet the needs of China's rapidly expanding livestock operations.

The plant representatives outlined plans for a new soy crushing plant set to open within two years. They said that increased demand necessitated building the new plant, which will have a 1000 metric ton/day capacity (compared to the present plant's 250 metric tons/day capacity). They also claimed that the new plant would meet higher standards of efficiency and have better working conditions.

While U.S. exports of soy beans to China are already significant, it is expected that the continued expansion of China's economy will add to China's growing consumer class, which in turn will lead to higher per capita protein consumption, and higher soy demands for China's feed industry.